

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

Reserve

A284.345

C732

1956

UNITED STATES
DEPARTMENT OF AGRICULTURE
LIBRARY



Reserve

| | |
|-------------|----------|
| BOOK NUMBER | A284.345 |
| | C732 |
| | 1956 |

914765

May 1, 1956

3 Explanation of Wool Payment Program as
It Affects Marketings of Shorn Wool and Unshorn Lambs in
the 1956 Marketing Year //

This statement presents general information on the 1956 wool payment program together with examples of how the program as announced January 12, works on marketings of shorn wool and unshorn lambs for the 1956 marketing year beginning April 1. The incentive price for shorn wool for the 1956 marketing year is 62 cents per pound, the same as was in effect for the 1955 marketing year.

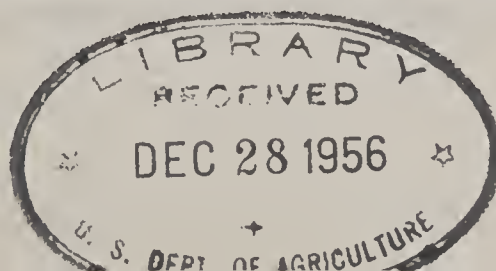
General Information

Under the plan which began with marketings April 1, 1956 the payments will be made on sales of unshorn lambs regardless of whether the lambs are sold for slaughter, feeding or replacement. Then if the new owner sells the lambs with the wool on, the payment will be adjusted downward by the amount due on the weight of lambs when purchased. Likewise, if the new owner shears the lambs either in the feed lot or as a part of his replacement stock, his incentive payment on shorn wool will be adjusted downward by this same amount.

The method of figuring the rate of payment on lambs marketed with the wool on will be the same as for the 1955 marketing year. Lambs' wool, on the average, is coarser in grade and shorter in staple length than the U. S. shorn wool clip. Therefore, 80 percent of the difference between the national average price received by producers and the 62-cent incentive price is used in figuring the rate of payments for unshorn lambs. The rate is figured on the basis of 5 pounds of wool per hundredweight of live lambs, but allowing for the adjustment in price, for easy figuring it is equivalent to 4 pounds per hundredweight.

Thus, under the plan for the 1956 marketing year the original producer who sells an unshorn lamb weighing 70 pounds will get a lamb payment for 2.8 pounds of wool (70 lbs. liveweight x 4 lbs. per cwt.). Then the feeder who buys that lamb and brings him up to 100 pounds and sells him unshorn will get a lamb payment for 4 pounds of wool less the 2.8 pounds to be paid the original producer. Likewise, the breeder who buys the unshorn lambs at 70 pounds, puts them in his band or flock, and later shears them along with the others, will get a shorn wool payment for the full quantity of wool he shears and sells, less the 2.8 pounds of wool on the lambs purchased and for which the earlier owner is eligible for a lamb payment.

The adjustment in the payments to later owners will eliminate duplication in the total amounts paid. In effect, the original producer and later feeder or breeder-owners will share in the lamb payment according to the weight gained by the lambs while in their possession. Slaughterers, marketing agencies and dealers will no longer need to provide the evidence of sale for slaughter which was required for payments under the 1955 marketing year. All the producer will need in support of his application will be the sales documents showing the



pounds and net proceeds of shorn wool sold, the number and pounds of unshorn lambs sold and a record of the number and pounds of unshorn lambs purchased. The payments will be made only on lambs that have never been shorn.

Thirty days' ownership of the lambs sold or the animals from which the wool is shorn will still be required in order to be eligible for payments. No adjustment in the payments will be made for lambs purchased before April 1, 1956. In that way feeders and others who bought unshorn lambs during the 1955 marketing year and sell them or the wool from them during the 1956 marketing year will be eligible for payment on the same basis as an original producer.

Selling Shorn Wool

Aside from the requirement that the wool must not have been shorn prior to January 1, 1955, the time of shearing is not a factor in the eligibility for payments under the payment program. The important point is that the sale of the wool must be completed within the marketing year. This means that in addition to making delivery and transferring title, all the factors (price per pound, weight, etc.) needed to determine the net sales proceeds for the wool and make settlement for it must be known.

Thus under the Act and the regulations, a grower may hold several clips and sell them all in one marketing year. For example, he may have held his 1955 wool and could sell it with his 1956 clip in the 1956 marketing year if he desired. In such case the payment for all the wool sold during the 1956 marketing year including that carried over from 1955 will be at the rate established for the 1956 marketing year.

Selling Lambs

With the change in the method of handling lamb payments under the 1956 program beginning with marketings April 1, 1956, the producer should take into consideration the following in selling lambs:

1. Payment will be made on all sales of lambs that have never been shorn, irrespective of the purpose for which the lambs are sold or purchased. The method of figuring the payment for all sales will be the same as used in figuring the payment for sales for slaughter during the 1955 marketing year. (See example II A 2 Page 5). Thus slaughter certifications will not be required for payments under the 1956 program. However, the lambs must have been owned for a period of 30 days the same as for payments under the 1955 program. Payments will not be made on lambs that have ever been shorn even though they may have an inch and a half growth of wool at the time of sale.
2. If the unshorn lambs sold were purchased on or after April 1, 1956, the payment will be based on the weight gained by the lambs during the applicant's ownership. (See example II B 2 Page 6). Thus, in effect the total amount paid on the lamb

is shared by the original producer and the later feeder or pasturer-owner according to the weight put on the lamb by each.

Buying Lambs That Have Never Been Shorn

Breeders and feeders in buying lambs on or after April 1, 1956, should take into consideration that they will be eligible for payment under the 1956 program on the lambs if sold unshorn or on the sale of any wool sheared from the lambs, but the amount of the payment will be adjusted downward by the amount of payment which could have been claimed by previous owners. For example, the breeder who buys ewe lambs after April 1, 1956 and shears the lambs will have his payment on the sale of shorn wool adjusted downward by the amount due as a lamb payment on the weight of the lambs at the time purchased. Likewise payments to feeders will be adjusted downward by the amount of payment due on the weights of the lambs as purchased.

Under the regulations "unshorn lambs" are defined as young ovine animals which have not cut their second pair of permanent teeth and that have never been shorn. Thus the producer who sells yearling ewes that have never been shorn is eligible for payment. Likewise the person who buys them for breeding and shears them for the first time must report their purchase in his shorn wool application.

Mohair

The support price for mohair for the 1956 marketing year is 70 cents per pound, the same as was in effect for the 1955 marketing year. If the average price received by all producers for mohair during the marketing year is less than 70 cents, payments at a percentage rate will be made to producers to bring the national average price received up to the support level. Mohair prices are above the announced support price and if they continue above that level, payments will not be made for the 1956 marketing year. However, mohair producers should obtain and hold sales documents for use in supporting applications for payment in the event mohair payments are made. The eligibility requirements and the sales documents needed in support of applications for payments on mohair will be similar to those for shorn wool except that there will be no deductions from mohair payments for any goats purchased and shorn.

EXAMPLES OF HOW THE WOOL PAYMENT PROGRAM WILL WORK FOR THE
1956 MARKETING YEAR BEGINNING APRIL 1, 1956

I Figuring Rates of Payment to be Announced After the Marketing Year is Over
(Sometime in the summer of 1957)

Assuming the U. S. average farm price for shorn wool received by producers for the marketing year is 45 cents, the rates of payment will be figured in the same methods as used in figuring the 1955 rates, as follows:

A. Rate of Shorn Wool Payments.

| | |
|--|-----------------|
| Incentive price as announced | 62 cents |
| Reported average price received by growers for the year (This figure used for illustration only) | <u>45 cents</u> |
| Difference | 17 cents |
| Percentage necessary to bring 45 cent average up to 62 cent level | 37.8% |

The 37.8% rate is to be applied to the net proceeds from shorn wool received by each producer in figuring his payment.

B. Rate of Unshorn Lamb Payments.

| | |
|--|-----------------|
| Incentive price for shorn wool as announced | 62 cents |
| Reported average price received by producers for the year | <u>45 cents</u> |
| Difference | 17 cents |
| 80% of difference to adjust for grade and staple | 13.6 cents |
| Average weight of wool per cwt. of live lamb | <u>5 pounds</u> |
| Rate of payment per cwt. of unshorn lamb | 68 cents |

The 68 cents per cwt. of live lamb rate is to be applied to the live-weight of unshorn lambs sold by each producer in figuring his payment.

II Applying Rates to Figure Payments Due Individual Producers

The rates of payment as announced after the end of the marketing year (in the summer of 1957 for the 1956 marketing year) will be applied as follows in figuring the payments due individual producers.

A. Payments to Producers Who Did Not Purchase Any Unshorn Lambs.

1. Shorn Wool Payment - Payment to a producer in connection with the sale of shorn wool, all of which was shorn from sheep and/or lambs raised by the producer.

| | |
|--|------------|
| Net proceeds from sale of 6,000 pounds of shorn wool | \$2,700.00 |
|--|------------|

| | |
|--|--------------|
| Percentage rate of payment to bring the average price for all wool up to incentive level | <u>37.8%</u> |
|--|--------------|

| | |
|------------------------|------------|
| Payment for shorn wool | \$1,020.60 |
|------------------------|------------|

2. Lamb Payment - Payment to a producer in connection with the sale of unshorn lambs he raised.

| | |
|--------------------------------------|-------------|
| Net weight of 200 unshorn lambs sold | 21,000 lbs. |
|--------------------------------------|-------------|

| | |
|---------------------------------|---------------|
| Announced payment rate per cwt. | <u>\$0.68</u> |
|---------------------------------|---------------|

| | |
|---------------------------|----------|
| Payment for unshorn lambs | \$142.80 |
|---------------------------|----------|

B. Payments to Producers Who Purchased Unshorn Lambs.

A downward adjustment will be made in the payments to a producer if the sale of shorn wool or unshorn lambs, as the case may be, includes lambs or wool from lambs purchased unshorn on or after April 1, 1956. The downward adjustment will in effect be the amount due previous owners as unshorn lamb payments.

1. Shorn Wool Payment - Payment to a producer in connection with the sale of shorn wool, some of which was shorn from lambs purchased on or after April 1, 1956, as unshorn lambs.

| | |
|---|---------------|
| Net proceeds from sale of 6,000 pounds of shorn wool | \$2,700.00 |
| Percentage rate of payment | <u>37.8%</u> |
| Gross Payment | \$1,020.60 |
| Less payment on lambs purchased, whose wool was included in the above sale: | |
| Weight of 300 unshorn lambs when purchased | 21,000 lbs. |
| Announced payment rate per cwt. | <u>\$0.68</u> |
| Adjustment for payment on weight of lambs as purchased | <u>142.80</u> |
| Net Payment for shorn wool | \$ 877.80 |

2. Lamb Payment - Payment to a producer in connection with the sale of unshorn lambs which were purchased on or after April 1, 1956.

| | |
|--|--------------------|
| Weight of 300 unshorn lambs sold | 30,000 lbs. |
| Less: | |
| Weight of 300 unshorn lambs when purchased | <u>21,000 lbs.</u> |
| Net weight of lambs produced during period owned | 9,000 lbs. |
| Announced payment rate per cwt. | <u>\$0.68</u> |
| Net Payment for Unshorn Lambs | \$61.20 |

C. Lambs Purchased Before April 1, 1956.

No adjustments will be made for lambs purchased before April 1, 1956. Thus, feeders and others who bought lambs on the basis of the 1955 program year will not be affected. However, different from the 1955 program, lambs that have been shorn but have a $1\frac{1}{2}$ inch growth of wool at the time of sale will not be eligible for payments under the 1956 program.

INFORMATION REQUIRED ON SALES DOCUMENTS

A. Documents Covering Sale of Shorn Wool:

1. Name and address of seller.
2. Date of Sale. A sales document issued by a marketing agency covering wool sold on various dates within the marketing year shall contain a statement that the wool was marketed during that marketing year.
3. Net weight of wool sold. (If sold as scoured or carbonized wool the original grease weight must be shown as well as the scoured or carbonized weight.)
4. Gross sales proceeds or sufficient information in items 5 and 6 below from which the gross sales proceeds can be determined.
5. Marketing deductions if any. (Charges for such marketing services as transportation, handling, grading, scouring, carbonizing, storage, commission, pool manager's expenses, etc.) The marketing deductions must either be itemized or shown as a composite figure with an explanation listing all of the specific charges included in the composite figure.
6. Net sales proceeds. This is the amount to which the percentage rate will be applied in calculating the payment due the applicant.
7. Other deductions if any. (Such as advances, interest on advances, charges for bags, association dues, etc.)
8. Amount paid producer.
9. Name and address of purchaser or marketing agency issuing sales document.
10. Handwritten signature of the person issuing the sales document in his own behalf or acting on behalf of the person or firm for whom the sales document is issued.

B. Documents Covering Sales of Unshorn Lambs:

1. Name and address of seller.
2. Date of Sale.
3. Number of unshorn lambs sold. (Sales documents should clearly state "unshorn lambs").
4. Liveweight of unshorn lambs sold. (If the weight is not determined by scales, it may be an estimated weight agreed to by the buyer and seller.)
5. Name and address of purchaser or marketing agency issuing sales document.
6. Handwritten signature of the person issuing the sales document in his own behalf or acting on behalf of the person or firm for whom the sales document is issued.

